

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Homer Housing Authority
Homer, Louisiana

October 22, 2003



Investigative Audit

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Daryl G. Purpera, CPA, CFE

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October 22, 2003

**MR. JAMES RIDLEY, CHAIRMAN,
AND MEMBERS OF THE HOMER
HOUSING AUTHORITY BOARD
OF COMMISSIONERS**

Homer, Louisiana

Transmitted herewith is our investigative report on the Homer Housing Authority. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendations as well as your response. Copies of this report have been delivered to the United States Department of Housing and Urban Development; the United States Attorney for the Western District of Louisiana; the District Attorney for the Second Judicial District of Louisiana; and others as required by state law.

Respectfully submitted,

Grover C. Austin, CPA
First Assistant Legislative Auditor

GD:DD:DGP:dl

[HOMERHA03]

Executive Summary

Investigative Audit Report Homer Housing Authority

Background *(See page 5.)*

The Homer Housing Authority is a political subdivision of the Town of Homer. Its purpose is to provide decent, safe, and sanitary housing for eligible families. It maintains and leases approximately 100 units.

The United States Department of Housing and Urban Development (HUD) has the responsibility for administering low-rent housing programs. The primary source of revenue for the Homer Housing Authority is HUD grants. A five-member board of commissioners governs the housing authority. The mayor of Homer appoints the commissioners. The housing authority has four full-time employees, including the executive director, secretary, and two maintenance persons.

Finding *(See page 7.)*

From July 1999 through April 2003, the former executive director of the Housing Authority of the Town of Homer, Ms. Sonja Hamilton, authorized transfers of housing authority funds to her personal bank account, paid personal credit card bills with housing authority funds, lived rent-free in a housing authority apartment, authorized a housing authority employee to live rent-free in a housing authority unit, gave herself a pay raise without board approval, and authorized bonus checks to housing authority employees and herself in violation of state and federal laws. These activities involved \$35,245 of housing authority funds.

Recommendations *(See page 11.)*

The Homer Housing Authority Board of Commissioners should exercise greater supervision over the day-to-day management of the housing authority. Specifically, the board should:

1. Ensure that all electronic payments are supported by original, detailed, and valid invoices and receipts.
2. Ensure that all disbursements are reasonable and necessary for providing decent, safe, and sanitary housing for eligible families through a formalized review process. This process should be:

- Delegated to a particular board member to ensure accountability
 - Rotated among the board members periodically to ensure the integrity of the process
 - Formalized in a written document and presented at board meetings
3. Ensure that all housing authority employees who live in public housing units pay rent in accordance with HUD guidelines. This should be accomplished by:
 - Making review of monthly rent registers a normal part of board meetings
 - Identifying rental units with no income
 - Documenting the reason for the lack of rental income
 4. Periodically review payroll checks of employees to ensure that they match the established pay rates. This review should be a regular part of board meetings.
 5. Ensure that all employees and board members are aware that the housing authority cannot approve bonuses. This can be accomplished by:
 - Creating a checklist detailing significant portions of the Louisiana Code of Governmental Ethics and other policies of which employees need to be aware
 - Including the prohibition against bonuses and other incentives as one of the policies
 - Requiring all employees to read and sign the checklist as a condition of employment
 6. Seek recovery from Ms. Hamilton of her personal expenditures, free rent, and unapproved pay.
 7. Seek recovery from Mr. Knowles for his free rent.

We also recommend that the District Attorney of the Second Judicial District of Louisiana and the United States Attorney for the Western District of Louisiana review this information and take appropriate legal action to include seeking restitution.

Management's Response (*See Attachment I.*)

The Homer Housing Authority Commissioners are in general agreement with the findings and the dollar amounts with the exception of the request for an employee to repay rents not charged and not paid by the employee.

The Commissioners believe that the employee should not be responsible for the rents not charged because the Executive Director stated to the employee that he would not have to pay rent as a resident and employee of the Authority. The Commissioners are also concerned about missing Authority property and the use of Authority funds to pay for unauthorized cell phone charges and magazine subscriptions for personal use of the Executive Director.

The Housing Authority (1) has established a procedure whereby all checks written, all deposits made, and all debit and credit memos that show on the monthly bank statement are traced and balanced with documentation. (2) A commissioner representative has been assigned by the Board to review the monthly bank statement and all checks written in the month. (3) A procedure utilizing new computer software and manually kept schedules that account for all units operated by the Authority has been established. (4) The commissioner representative responsible for the review of the monthly checks written will review the payroll checks as well as the attached time sheets and the amount of gross wages due the employee. (5) A personnel policy stating the Louisiana code does not authorize bonuses will be prepared. And (6) the Authority will discuss the recovery recommendation with the District Attorney of the Second Judicial District of Louisiana.

Background and Methodology

The Homer Housing Authority is a political subdivision of the Town of Homer. Its purpose is to provide decent, safe, and sanitary housing for eligible families. It maintains and leases approximately 100 units.

The United States Department of Housing and Urban Development (HUD) has the responsibility for administering low-rent housing programs. The primary source of revenue for the Homer Housing Authority is HUD grants. A five-member board of commissioners appointed by the mayor of Homer governs the housing authority. The housing authority has four full-time employees, including the executive director, secretary, and two maintenance persons.

The legislative auditor received information of possible improper expenditures at the housing authority. The procedures performed during this investigative audit consisted of (1) interviewing employees of the housing authority and HUD officials; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the housing authority; (4) making inquiries of vendors and others as appropriate; and (5) reviewing applicable state and federal laws and regulations.

Finding

From July 1999 through April 2003, the former executive director of the Housing Authority of the Town of Homer, Ms. Sonja Hamilton, authorized transfers of housing authority funds to her personal bank account, paid personal credit card bills with housing authority funds, lived rent-free in a housing authority apartment, authorized a housing authority employee to live rent-free in a housing authority unit, gave herself a pay raise without board approval, and authorized bonus checks to housing authority employees and herself in violation of state and federal laws. These activities involved \$35,245 of housing authority funds.

Electronic Transfers

From March 2002 through February 2003, Ms. Hamilton, made 17 unauthorized electronic transfers totaling \$12,163 from the housing authority bank account into her personal bank account. There was no documentation to support the public purpose for any of these transfers. Moreover, bank statements sent by Ms. Hamilton to the housing authority's accountant were altered thereby hiding these electronic transfers. Ms. Hamilton stated that one or two of the transfers were used to pay legitimate housing authority expenditures; the rest were used to pay personal bills. Ms. Hamilton stated that she altered the bank statements to hide the transfers.

Reprint of Original Bank Statement

DDA-SMRY Pages 7600-7602 Page 1 of 3

HOUSING AUTHORITY OF THE TOWN OF HOMER SUPER NOW PUBLIC FND
PO BOX 547 HOMER LA 71040-0547 8/30/02 60

1 [REDACTED]

HAVE YOUR SAVINGS BONDS STOPPED EARNING INTEREST? CONSIDER REDEMPTION, OR IF QUALIFIED, EXCHANGE FOR SERIES BH SAVINGS BONDS.

SUMMARY FOR SUPER NOW PUBLIC FND

BEGINNING BALANCE	8/01/02	44,436.83
DEPOSITS / MISC CREDITS	17	395,340.44
WITHDRAWALS / MISC DEBITS	54	41,042.41
** ENDING BALANCE	8/31/02	394,734.86 **

INTEREST PAID 60.94
ANNUAL PERCENTAGE YIELD EARNED 510.97
NUMBER OF DAYS FOR A.P.Y.E. 31
AVERAGE BALANCE FOR A.P.Y.E. 56,589
ENCLOSURES 60

MISCELLANEOUS DEBITS AND CREDITS

DATE	AMOUNT	DESCRIPTION
8/02/02	1,111.00 CR	DEPOSIT
8/05/02	1,693.00 CR	DEPOSIT
8/06/02	1,000.00 CR	TRANSFER TO DDA # 1114299999
8/06/02	5.00 CR	STAMPS.COM/SVC FEE
8/09/02	1,571.00 CR	DEPOSIT
8/09/02	357.00 CR	DEPOSIT
8/09/02	359.00 CR	DEPOSIT
8/09/02	378.00 CR	DEPOSIT
8/13/02	1,142.00 CR	DEPOSIT
8/13/02	488.00 CR	DEPOSIT
8/13/02	239.24 DR	CAPITAL ONE/ONLINE PMT
8/13/02	28.90 DR	ONLINE SERV/ICE 0802
8/14/02	786.00 CR	DEPOSIT
8/16/02	257.00 CR	DEPOSIT
8/16/02	257.00 CR	DEPOSIT
8/16/02	255.90 DR	ONLINE SERV/ICE 0802
8/16/02	100.00 DR	POSTAGE
8/20/02	645.00 CR	DEPOSIT

http://192.168.254.22/acq/gb/cgi-bin2/acquire.exe 06/04/2003

\$1,000 Transfer to Ms. Hamilton's Personal Bank Account

Altered Statement Sent to Accountant

PLA

FIRST GUARANTY BANK
Committed to Customer Satisfaction

HOUSING AUTHORITY OF THE TOWN OF HOMER SUPER NOW PUBLIC FND
PO BOX 547 HOMER LA 71040-0547 8/30/02 60

1 [REDACTED]

HAVE YOUR SAVINGS BONDS STOPPED EARNING INTEREST? CONSIDER REDEMPTION, OR IF QUALIFIED, EXCHANGE FOR SERIES BH SAVINGS BONDS.

SUMMARY FOR SUPER NOW PUBLIC FND

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8/16/02	100.00 DR	POSTAGE
8/20/02	645.00 CR	DEPOSIT

MAY 18 2003
Ch. 3016.5.1.3
40042.41

http://192.168.254.22/acq/gb/cgi-bin2/acquire.exe 06/04/2003

\$1,000 Transfer Missing from Same Statement Sent to Accountant

Source - First Guaranty Bank

Source - Housing Solutions Alliance

Credit Card Purchases

Ms. Hamilton made 30 electronic transfers totaling \$8,384 from the housing authority account to three separate credit cards. The transfers were distributed as follows: \$1,951 to a Capital One MasterCard in her name; \$4,028 to a Sears

Video Game Purchases from FUNCO

7/70 Funco, Inc.
 Loc / Reg: 0262 1 Buss Date: 01/11/03 FundId: Scanned 76846034
 Tran #: 50 Tran Type: Sale Orig Salesp:
 Tran Date/Time: 01/11/03 14:48:00 Bal Due: 77.02 Entry Salesp: 110281 GREEN ANTHONY
 Status: NOT VOIDED
 Customer: NICHOLAS HAMILTON
 Address: 603 HUDD DR.
 City/State/Zip: HOMER LA 71040
 Phone/DOB/Lic #: N/A

Trans	Type	Reason	Amount	Printed	Doc. #
Credit Card	Redeem	[unspecified]	77.02		

Line	Item Code	Description	Non-Mech	Tax	Yield	to/Ret	Qty	Orig Amt	Adj Amt	Adj Type	Adj Reason
PS	0-00619-01	Dragon Ball Z Budokai					1	49.95	-1.00	Price Change	Miscellaneous
PS	0-31236-01	Dragon Ball Z Budokai OSG F					1	14.99	-2.99	Discount	Miscellaneous
PS	0-00020-01	Game Informer (Magazine) #117					1	10.00			

MasterCard in her name; and \$2,405 to a Capital One Visa in the name of the housing authority. There was no housing authority documentation

DVD Player from Wal-Mart

ST# 0087 OP# 00000985 TE# 21 TR# 05586

AIR FRESHNER	0075847611295	1.97
AIR FRESHNER	0075847611295	1.97
SHOP TOWELS	00540000751305	1.77
CASHM 1/2 P	0029000071165F	3.78
KBLR VANWFR	0030100053145F	2.47
RICE	0017400101775F	2.14
PHONE CASE	0076126146135	9.84
SOUP	0051000010315F	0.78
SOUP	0051000010315F	0.78
MAIL COLOR	0011290211435	4.84
FG ZIP CARDI	0663148001925	14.92
FG ZIP CARDI	0663148001945	14.92
NB GRED	0044000007205F	2.64
NB CHIPS AHD	0044000005515F	0.97
RUFFLES	0028400019145F	2.86
TIRE SHINE	0079933282255	4.77
HEET DE-ICER	0073905000375	0.97
HEET DE-ICER	0073905000375	0.97
SLS/CLEANER	007869R101885	1.88
VIDEO	0704400030685	18.37
DVD	0027616886825	19.78
BATTERIES	0026616811355	24.68
BATTERIES	0012800444575	3.87
DVD PLAYER	0012562582265	88.77
SUBTOTAL		229.24
SALES TAX 1		4.23
SALES TAX 3		14.90
TOTAL		248.37

CREDIT CARD [REDACTED]
 EXPIRATION DATE 11/704
 APPROVAL NUMBER IS 050218
 AMOUNT AUTHORIZED IS 248.37
 CREDIT CARD STATUS IS APPROVED
 HCARD TEND 248.37
 CHANGE DUE 0.00
 TC# 5635 7121 9185 4942 9312 1
 01/01/03 15:23:11

to support these transfers. Ms. Hamilton stated that all purchases on the Capital One MasterCard were personal in nature. She agreed that numerous purchases on the other two cards were also personal in nature. Most of these purchases were from Wal-Mart and included a television set, clothes, DVD

player, groceries and a basketball goal. The total amount of these personal purchases was \$5,445.

Non-Payment of Rent

Ms. Hamilton lived in a housing authority apartment since at least July 1999. Rent registers list her unit as vacant during this period of time. Moreover, the secretary for the housing authority, who is responsible for collecting rent from the tenants, stated that she never collected rent from Ms. Hamilton. The approximate value of the rent received by Ms. Hamilton from July 1999 through April 2003 was \$12,287.

Ms. Hamilton confirmed that she had not paid rent during this period. She stated that the previous executive director informed her that she did not have to pay rent because she was an employee of the housing authority.

In addition, Ms. Hamilton allowed Mr. Selous Knowles, one of the maintenance men, to live rent-free in a housing unit from October 2002 to July 2003. The approximate value of free rent

Homer Housing Authority
 January 1, 2001
 Rental Register
 Current Month: January
 Activity up to: 1/31/01

Print Date: 1/31/01 1:44PM Selected Project: All Projects

Unit #	Tenant	Beginning Balance	Rent	Utility	Other Charges	Other Credits	Refund/Utility Checks	Cash Received	Deposit	Collect	Ending Balance
44	Monroe, B	0.00	128.00					1/18/01 209483 3.00			
45	Shohee, A	0.00	85.00					1/8/01 209439 125.00			
46	Casey, J	-3.00	182.00					1/8/01 209556 75.00			
47	Hamilton, W	167.00	169.00					1/2/01 209587 179.00			167.00
48	Wright, E	0.00	249.00					1/2/01 209612 249.00			
49	Jackson, M	0.00	122.00		1.00			1/18/01 209475 223.50			
50	Williams, A	0.00	43.00					1/8/01 209417 43.00			
51	Beatty, M	0.00	114.00					1/18/01 209447 114.00			
52	Hammer, L	0.00	182.00		48.00			1/18/01 209672 186.00			
53	Cartier, W	0.00	129.00					1/8/01 209630 129.00			
54	Harris, L	0.00	141.00					1/8/01 209463 141.00			
55	Harris, A	0.00	104.00					1/18/01 209471 104.00			
56	Konkle, P	0.00	16.00		3.00			1/18/01 209679 19.00			
57	Warren, M	0.00	167.00					1/8/01 209439 167.00			
58	Montgomery, M	0.00	16.00		14.00						
59	Williams, P	0.00	88.00					1/8/01 209457 88.00			
60	Dugan, T	0.00	182.00					1/18/01 209674 182.00			
61	Curry, T	0.00	83.00					1/18/01 209447 83.00			
62	Kirk, T	0.00	0.00		33.00			1/18/01 209477 33.00			
63	McNeal, A	0.00	16.00					1/18/01 209480 16.00			
64	Adams, L	0.00	96.00		4.00			1/18/01 209484 100.00			
65	Allan, M	0.00	134.00		6.00			1/18/01 209481 140.00			
66	Malone, C	0.00	145.00		3.00			1/8/01 209446 148.00			
67	Hay, D	0.00	96.00					1/8/01 209433 96.00			
68	-- Vacant --	0.00	0.00								
69	Mitchell, J	0.00	148.00					1/8/01 209412 148.00			
70	Fielding, D	0.00	121.00								13.00
71	Harvey, L	0.00	121.00								1.00
72	Hamilton, W	0.00	189.00								
73	-- Vacant --	0.00	0.00								
74	Flouse, W	0.00	121.00								
75	Hubbison, B	0.00	109.00								
76	Glenn, E	0.00	220.00								
77	Knowles, B	0.00	100.00								
78	Day, M	0.00	16.00								
79	-- Vacant --	0.00	0.00								
80	Shohee, A	0.00	21.00					1/8/01 209463 84.00			
81	Davis, L	0.00	21.00					1/2/01 209444 100.00			
82	Jones, B	0.00	219.00					1/8/01 209418 214.00			
83	Williams, B	0.00	114.00					1/2/01 209489 114.00			
84	Walker, C	0.00	122.00					1/2/01 209457 122.00			
85	Cooper, A	0.00	149.00					1/18/01 209443 149.00			
86	Adams, Q	0.00	39.00					1/8/01 209451 39.00			

Sonja Hamilton's Unit #68 listed as vacant

Example of Rent Register for January 2001

received by Mr. Knowles was \$1,750. In August 2003, the new executive director began requiring rent payments from Mr. Knowles in accordance with HUD regulations.

HUD regulations do allow rent-free tenancy for housing authority employees who are required to live in public housing as a condition of their employment. However, according to HUD, neither Ms. Hamilton nor Mr. Knowles was required to live in public housing as a condition of their employment. There is no provision in HUD regulations providing for rent-free tenancy for employees not required to live in public housing. Furthermore, there is no mention in the housing authority board minutes of authorization for Ms. Hamilton or Mr. Knowles to receive housing at no cost.

Unauthorized Raise

In May 2002, Ms. Hamilton increased her salary from \$900 to \$1,000 per pay period and continued paying herself this amount until her termination on April 14, 2003. A review of housing authority minutes shows no board approval for this raise. The chairperson for the board of commissioners stated that he was unaware that Ms. Hamilton had received this raise. Ms. Hamilton confirmed that the housing authority board of commissioners did not approve this raise. According to Ms. Hamilton, the board kept delaying action on the raise, so she authorized it on her own. The total amount paid for this unauthorized raise was \$2,400.

Improper Authorization of Bonuses

On December 16, 2002, Ms. Hamilton made four \$300 payments to Homer Housing Authority employees Joe Etta Williams, Lonnie Jones, Selous Knowles, and herself. The payments were classified as “Christmas bonus.”

Ms. Hamilton had no authority to give herself a bonus. In addition, these payments are in violation of state law, which prohibits the donation of public assets.

Bonus Check to Sonja Hamilton

The image shows a check from the Housing Authority of the Town of Homer, Louisiana. The check is dated December 16, 2002, and is payable to Sonja Hamilton for \$300.00. The check is signed by Sonja Hamilton as Executive Director and Board Member. The check number is 4110 and the amount is circled as 300.00. The check is from First Guaranty Bank and is marked as 'NOT NEGOTIABLE'. The check is a 'DELUXE - FORM DVC-4 V-SPL SW480' and is dated 12-16-02. The purpose of the check is noted as 'Christmas bonus'.

Internal Control Weaknesses

Board policy during the tenure of Ms. Hamilton as executive director required all checks to be co-signed by a board member. In addition, the chairperson was required to initial each check. Before board meetings, one board member was required to review the bank statements, checks, and invoices for that month. The review included verifying that all checks were on the bank statement and that the chairperson had initialed all checks. The board member responsible for this review stated that she was aware of transfers but assumed that the chairperson and the executive director knew what they were for; her responsibility was the checks. To be effective, however, such reviews need to encompass all expenditures.

In addition, the board chairperson initialed off on payroll checks to Ms. Hamilton without ensuring that the check amount matched the pay rate set for that position. Without periodic comparison between the pay rate set by the board and the amount disbursed, the review process cannot function properly. Similarly, the chairperson initialed off on bonus checks to housing authority employees without confirming whether such expenditures were permissible.

Finally, the board has no policy with regard to ensuring that rent payments are accurate. As a result, two housing authority employees were able to live rent-free for extended periods of time without it coming to the attention of the board.

On April 14, 2003, the Board of Commissioners of the Homer Housing Authority terminated Ms. Hamilton's employment.

This report has been provided to the District Attorney for Second Judicial District of Louisiana and the United States Attorney for the Western District. The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney or the United States Attorney.¹

¹ **R.S. 14:67** provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

R.S. 14:138 provides, in part, that payroll fraud is committed when any public officer or public employee shall carry, cause to be carried, or permit to be carried, directly or indirectly, upon the employment list or payroll of his office, the name of any person as employee, or shall pay any employee, with knowledge that such employee is receiving payment or compensation for services not actually rendered by said employee or for services grossly inadequate for such payment or compensation.

18 U.S.C. §666 provides, in part, that theft concerning programs receiving federal funds occurs when an agent of an organization, state, local, or Indian tribal government or any agency thereof embezzles, steals, obtains by fraud, or otherwise intentionally misapplies property that is valued at \$5,000 or more and is owned by or under control of such organization, state, or agency when the organization, state, or agency receives in any one year period, benefits in excess of \$10,000 under a federal program involving a grant contract, or other form of federal assistance.

Recommendations

The Homer Housing Authority Board of Commissioners should exercise greater supervision over the day-to-day management of the housing authority. Specifically, the board should:

1. Ensure that all electronic payments are supported by original, detailed, and valid invoices and receipts.
2. Ensure that all disbursements are reasonable and necessary for providing decent, safe, and sanitary housing for eligible families through a formalized review process. This process should be:
 - Delegated to a particular board member to ensure accountability
 - Rotated among the board members periodically to ensure the integrity of the process
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3. Ensure that all housing authority employees who live in public housing units pay rent in accordance with HUD guidelines. This should be accomplished by:
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5. Ensure that all employees are aware that the housing authority cannot approve bonuses. This can be accomplished by:
 - Creating a checklist detailing significant portions of the Louisiana Code of Governmental Ethics and other policies of which employees need to be aware
 - Including the prohibition against bonuses and other incentives as one of the policies
 - Requiring all employees to read and sign the checklist as a condition of employment
6. Seek recovery from Ms. Hamilton of her personal expenditures, free rent, and unapproved pay.
7. Seek recovery from Mr. Knowles for his free rent.

We also recommend that the District Attorney of the Second Judicial District of Louisiana and the United States Attorney for the Western District of Louisiana review this information and take appropriate legal action to include seeking restitution.

Attachment I

Management's Response

HOMER HOUSING AUTHORITY
Reply to the Legislative Auditors Report Findings
October 15, 2003

RESPONSE REGARDING AMOUNT OF FINDINGS

The Homer Housing Authority Commissioners have reviewed the report of the findings of the State of Louisiana Legislative Auditor. The Commissioners are in general agreement with the findings and the dollar amounts with the exception of the request for an employee to repay rents not charged and not paid by that employee.

The Commissioners believe that the employee should not be responsible for the rents not charged because the Executive Director stated to the employee that he would not have to pay rent as a resident and employee of the Authority. We believe that amount should be the responsibility of the Executive Director and considered mismanagement of the Housing Authority resources or the recommendation for recovery be deleted.

The Commissioners are concerned about missing Authority property and the use of Authority funds to pay for unauthorized cell phone charges and magazine subscriptions for personal use of the Executive Director.

It has been established that the Housing Authority has paid for three laptop computers at a total cost of \$2,254.71. The laptops are clearly purchased and paid for by the Authority and Staff and Commissioners are not aware of their existence. There is an empty laptop box that was found in the office bearing the same manufacturer's name as on one of the invoices that had been paid by the Authority. The Executive Director obtained two cell phones in the name of the Authority. Neither the employees nor the Commissioners had ever received that cell phone number from the Executive Director to use for Housing Authority business. One of the cell phones, that was for the Executive Director, had accrued charges and was paid by the Authority. The total paid was \$300.17 for this cell phone. The second cell phone was issued to the resident services coordinator. At this time the Authority has not identified any specific charges paid for by the Authority for this phone. The cell phone that was issued to the resident coordinator was turned into the Authority in July or August of this year.

The other item was the approval of subscriptions to magazines that is an unauthorized use of Housing Authority funds. These subscription fees were taken out of the Authority checking account each month. Some of these subscriptions were duplicated and two copies are received at the Authority. Final negotiated payment has been completed in the amount of \$402.89. There are possible additions to this amount since the Executive Director had set up payments to come out of the Authority checking account and therefore there is no documentation of a check written.

The Authority will forward a copy of this final report to its independent auditor and discuss other recommendations, as he feels appropriate. The Authority may then make additional changes to the operations

RESPONSE TO THE INTERNAL CONTROL IMPROVEMENTS RECOMMENDED

The responses included below follow the recommendations 1 through 9 on page nine of the Legislative Auditors report. The responses are numbered the same as the recommendations for ease of reader. (Note, the draft audit report leaves out numbers 6 and 7)

1. The Housing Authority has established a procedure whereby all checks written, all deposits made and all debit and credit memos that show on the monthly bank statement are traced and balanced with documentation. This procedure utilizes a representative Commissioner and was started in September 2003. It is anticipated that changes to the procedure will occur in October 2003 to ensure that all documentation for all transactions on the bank statement will become part of the review.
2. A Commissioner representative has been assigned by the Board to review the monthly bank statement and all checks written in the month. The Commissioner Representative receives an approved invoice or other documentation attached to each check for review. During that review the Commissioner Representative analyzes the check for proper authorization and documentation and notes any questions as to the reason for the payment or any anomalies noted. The Executive Director as required answers all questions to the satisfaction of the Commissioner Representative. The Board of Commissioners has not established a rotation plan at this time, however that will be accomplished by the November Board meeting. A written procedure with a report to the Board of Commissioners has been prepared as recommended.
3. The Housing Authority has established a procedure utilizing new computer software and manually kept schedules that account for all units operated by the Authority. The Commissioner representative will accomplish review of the rent register at the time of the review of the bank statement and checks written. The rent register will account for vacant units and bank deposits.
4. The Commissioner representative responsible for the review of the monthly checks written will review the payroll check as well as the attached time sheets and the amount of gross wages due the employee.
5. In addition to informing the employees that the Louisiana Code does not authorize bonuses, the Authority will prepare a personnel policy stating the same. The Authority would appreciate it if the Legislative Auditor would forward the information regarding ethics and other items on the checklist recommended in the Audit report.
6. The Authority will discuss the recovery recommendation with the District Attorney of the Second Judicial District of Louisiana.

7. The Authority Commissioners do not agree with this recommendation as explained above.